

C & I Board Meeting Minutes

Baton Rouge, Louisiana

June 26, 2002

Board Members Present: Lt. Governor Kathleen B. Blanco represented by Leonard Klienpeter, John R. “Red” Bourg, Sr., Gordon Burgess, Harold L. Cornett, Christopher P. Coulon, Governor M.J. Foster, represented by Rodney Braxton, John Friend, Arthur D. Green, Don Hutchinson, Richard L. Lucas, Archie C. Lyles, Jr., Marjorie A. McKeithen, Philip Montelepre, Noel A. Murano, Rodney V. Noles, C. Wade Shaddock, Jr., John G. Vickers.

Board Members Absent: Rustin D. “Rusty” Johnson

Staff Present: Paul Adams, Mollie Adomako, Ed Baker, Bob Berling, Marylyn Friedkin, John Jernigan, Laverne Jasek, Darryl Manning, Kay Wallace, Steve Windham, Mike Williams.

Guest Present: Chuck Zatarain, C. Zatarain & Assoc.; Chuck Nuzum, Golfball.com; Bryan Bray, Etheredge Electric Co.; Nick Lemoine, Lemoine Consulting Services; John Collignan, Harry L. Laws & Co., Inc.; Kinderlyn Haynes, ExxonMobil; Mike Vandevelda, Cleco; John P. LeBlanc, LABI; Bob Adair, Entergy; Mike Harris, Price, Waterhouse & Cooper; Chris Dickarry, La Pulp & Paper Assoc; David Wright, Carey Salt Company; Gregory Bowser, Louisiana Chemical Assoc; Brian Hebert, Beard Industries; Belton Didier, Didier Consultant; Robert Hailey, Sasol North America, Inc.; Ronda Wannamaker, Bayou Coating, LLC; Keith Amato, AmeriSteel; Brett Lala, Williams Communications; Doug Wright, Williams Communications; R.J. Moffat, BASF; Don Allison, KPMG; Forian Geissler, BASF; Gregory P. Martin, KPMG; Dean Blanchard, ATOFINA Petrochemicals, Inc.; Robert Barousse, Elmer Candy Corp.; Doug LeBleu, Time Resources, LLC;

ROLL CALL

Fourteen Board Members were present at the time of the Roll Call. Three members came after the roll was called. A total of 17 members were present.

- A motion was made by Gordon A. Burgess and seconded by to approve the April 24, 2002 C & I Board Minutes. Motion carried by 14/0.

Chairman Green called on Richard Lucas, Chairman of the Policy and Rules Committee to give his report on the meeting held earlier.

Richard Lucas reported that in 1997 legislators passed House Bill 1539 which affect the number of employees required under the Enterprise Zone Program. He said it read as “The business creates a minimum of the lesser of five net new permanent jobs equal to a minimum of ten percent of the existing employees, minimum of one, within the first year of the contract period.” He said he spoken to Representative Bryant O. Hammett, Jr.

during the regular session who introduced this bill and he indicated that the sales tax rebate was not considered, the purpose of the bill is to bring in smaller companies. He said the bill did not allow for companies that might have very large tax rebate and hire one employee. He said because of the discrepancies between the number of employees and the very large sales tax rebate, the Policy and Rules Committee investigated the possibility of amending the law to stop the loophole that might cause excessive sales tax rebate of the hiring of just one employee. He said the Policy and Rules Committee voted unanimously to amend this rule and clarify the law. The 10% rule would apply to all of the existing employees within the State of Louisiana. To qualify for the Enterprise Zone Program, you could either use the lesser of 5 employees or 10% of your existing employees statewide for a minimum of one. The Policy and Rules Committee recommended to the Board to pass this rule. The Policy and Rules Committee asked for a definition of the company that an applicant would have within the State or affiliate which will be included in the rule. Richard House, Executive Counsel, Louisiana Department of Economics Development, said the way to define this is to define Louisiana businesses in Louisiana including the companies, apparent subsidiaries or affiliated companies, which means you need to determine is or is not a company has an apparent subsidiary or affiliate company, to make sure loopholes are closed.

- A motion was made by Leonard Klienpeter and seconded by Harold Cornett to adopt the amended rule for the Enterprise Zone Program. Motion carried 17/0.

Mr. Lucas reported to the Board that the Legislative Auditors' Report would not be discussed because of more information need for some suggestions. He did mention that the Policy and Rules Committee recommended that a number of suggestions did not require changing. He said the discussion of the Report will be delayed in the additional information is received.

Mr. Green reported that the good news is that a number of these recommendations could be solved with additional staff. He said Secretary Hutchinson was able to get through to the legislation 2 additional employees. These positions will be primarily involved with investigations.

Also Mr. Lucas recommended to the Board for them to act on is good proper procedures for the Board to get the information needed to make their decision. The recommendation is to request the Department of Economics Department to review the filing deadlines on all programs to see if anything needs to be changed.

- A motion was made by John Friend and seconded by Archie C. Lyles, Jr. to request the Department of Economics Department to review the filing deadlines on all programs to see if anything needs to be changed. Motion carried 17/0.

Mr. Lucas reported that Policy and Rules Committee and the Board request that they are not given the details on each project; this is the job of the staff. They realize that this maybe just on the capital additions maybe for one time a year but it is not possible for the Board to take on these responsibilities. They are turning this responsibility back over to

the staff. Also he asked the Board members to scrutinize the miscellaneous capital additions just as you do for an individual application for the Industrial Tax Exemption.

- A motion was made by Richard Lucas and seconded by John Friend requesting the staff not to include invoice, etc. of the project in Board Packet and Board members to scrutinize the miscellaneous capital additions just as they do for an individual application for the Industrial Tax Exemption. Motion carried 17/0.

The Policy and Rules Committee Report was concluded.

RESTORATION TAX ABATEMENT PROGRAM

Ed Baker presented 2 Restoration Tax Abatement Applications to the Board for approval.

- A motion was made by Rodney V. Noles and seconded by Rodney Braxton to approve 2 Restoration Tax Abatement Applications. Motion carried 17/0.

ENTERPRISE ZONE PROGRAM

Marylyn Friedkin presented 1 Contract Date Change, 1 Contract Change in Ownership, 3 Contract Cancellations, and 19 Enterprise Zone Applications to the Board for approval.

The Board's question regarding Albertson's, Inc. is whether the salaries are annual. Marylyn Friedkin explained that the employee jobs created in the first year is their salary for 5 years.

The Board's comment regarding Sam's Club East, Inc. and Wal Mart Louisiana, LLC is that the Enterprise Zone Program was developed to bring business into economically deprived areas and that a program like this have nothing to do with bringing good industry or manufacturing jobs to Louisiana.

- A motion was made by Gordon R. Burgess and seconded by Rodney Braxton to approve 1 Contract Date Change, 1 Contract Change in Ownership, and 3 Contract Cancellation. Motion carried 11/0.
- A motion was made by Philip Montelepre and seconded by Rodney Braxton to approve 19 Enterprise Zone Applications. Motion carried 11/0.

INDUSTRIAL TAX EXEMPTION PROGRAM (New & Additions)

John Jernigan presented 13 Industrial Tax Exemption Applications, 3 Transfer of Tax Exemption Contracts, 1 Change in Name Only and 2 Contract Cancellations to the Board for approval.

Members on the Board requested that application for Bollinger Algiers, LLC and Entergy Gulf States, Inc. be pulled for discussion.

The Board's comment regarding Bollinger Algiers, LLC is that more information is need for the project description.

The Board's question regarding Entergy Gulf States, Inc. is whether this project is a miscellaneous capital item; and what the different is between miscellaneous capital modifications and miscellaneous capital addition.

John Jernigan explained that instead of submitting five or six MCA applications, one application will suffice if the company sends in a \$100.00 and an advance notification prior to starting the modifications. As an example; a compilation of capitalized additions are done at that nuclear power plant through out the year 2000 with total dollars spent as being \$19,000,000 dollars. Without submitting an advance prior to, the company would be required to submit a minimum of 5 applications vice 1 application. There is a cap of five million dollars for a MCA. This eliminates less paperwork for both the company and staff.

- A motion was made by Richard L. Lucas and seconded by Archie C. Lyles, Jr. to approve 13 applications for the Industrial Tax Exemption Program. Motion carried 11/0.
- A motion was made by Rodney V. Noles and seconded by Richard L. Lucas to approve 3 Transfer of Tax Exemption Contracts, 1 Change in Name Only and 2 Contract Cancellations. Motion carried 11/0.

INDUSTRIAL TAX EXEMPTION PROGRAM

(Miscellaneous Capital Additions)

Laverne Jasek presented 104 Miscellaneous Capital Addition Applications to the Board for approval.

Members on the Board requested applications for Bumble Bee Seafood, Inc., EADS Aeroframe Services, LLC, Exxon Mobil Corp Refinery, Exxon Mobil Corp. be pulled for discussion.

The Board's question regarding Bumble Bee Seafood, Inc. is whether they have had a tax exemption before. Laverne Jasek said that the firm had an original contract.

The Board's comment regarding EADS Aeroframe Services, LLC is that Northrop Grummen Corp. and EADS Aeroframe Services have the same Tax Administrator, are these 2 separate projects. Laverne Jasek responded that these are 2 separate contracts for different work.

The Board's comment regarding Exxon Mobile Corporation Refinery and Exxon Mobile Corporation is that the information on the explanation of plant operations and manufacturing process was omitted.

The Board's commented that MHC is a leasing company and therefore wondered how they could lease to another entity. John Jernigan said in order to receive a tax exemption, the contract has to be in that owner's name. MHC who owns Martin Timber Company is a business operation leasing this equipment to its other company.

The application for UOP was deferred until the Board knows what is being purchased.

- A motion was made by Philip Montelepre and seconded by Rodney Braxton to approve 103 Miscellaneous Capitol Addition Applications for the Industrial Tax Exemption Program. Motion carried 11/0

NEW BUSINESS

The following members were appointed to the Policy & Rules Committee:

Richard L. Lucas, Chairman
Leonard Kleinpeter
Mayor Harold L. Cornett
Rodney Braxton
Don Hutchinson
Archie C. Lyles, Jr.
Marjorie A. McKeithen
John Vickers
Noel A. Murano
C. Wade Shaddock

The August Board Meeting has been canceled because the Agency is moving to a new location on August 2, 2002.

A Policy and Rules Committee Meeting has been scheduled for Wednesday, June 26, 2002 at 9:00 AM to discuss the Legislative Auditor's Report and other matters at hand. The meeting will be held in the conference room at the office of Commerce and Industry. Also the scheduled workshop has been canceled for that day.

Meeting was adjourned.